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Consolidated Financial Results for the Six Months Ended September 30, 2022 [Japanese GAAP]



November 11, 2022

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 Stock exchange listing: Tokyo Stock Exchange
 Code number: 1805
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 Scheduled date of filing quarterly securities report: November 14, 2022
 Scheduled date of commencing dividend payments: –
 Availability of supplementary explanatory materials on quarterly financial results: Available
 Schedule of quarterly financial results briefing session: Not scheduled

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Six Months Ended September 30, 2022 (April 1, 2022 - September 30, 2022)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended								
September 30, 2022	58,732	6.1	1,465	(10.0)	1,371	(9.6)	824	(27.5)
September 30, 2021	55,346	(5.5)	1,628	(14.6)	1,516	(10.5)	1,138	0.0

(Note) Comprehensive income: Six months ended September 30, 2022: ¥882 million [(26.4)%]
 Six months ended September 30, 2021: ¥1,198 million [21.0%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended		
September 30, 2022	43.11	–
September 30, 2021	59.50	–

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2022	125,950	43,798	34.8
As of March 31, 2022	114,632	43,872	38.3

(Reference) Equity: As of September 30, 2022: ¥43,788 million
 As of March 31, 2022: ¥43,864 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2022	—	—	—	50.00	50.00
Fiscal year ending March 31, 2023	—	—			
Fiscal year ending March 31, 2023 (Forecast)			—	50.00	50.00

(Note) Revision to the forecast for dividends announced most recently: None

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2023 (April 1, 2022 - March 31, 2023)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	131,000	11.3	4,800	4.9	4,100	(2.7)	2,400	(25.5)	125.45

(Note) Revision to the financial results forecast announced most recently: None

Reference: Summary of Non-consolidated Financial Results

(Amounts of less than one million yen are rounded down.)

1. Non-consolidated Financial Results for the Six Months Ended September 30, 2022 (April 1, 2022 - September 30, 2022)

(1) Non-consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit	
Six months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2022	53,504	7.7	1,267	(9.6)	1,243	(6.7)	756	(16.9)
September 30, 2021	49,684	(7.4)	1,401	(22.4)	1,333	(14.8)	910	(13.4)

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2022	39.56	—
September 30, 2021	47.61	—

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2022	115,957	41,519	35.8
As of March 31, 2022	103,399	41,641	40.3

(Reference) Equity: As of September 30, 2022: ¥41,519 million

As of March 31, 2022: ¥41,641 million

2. Non-consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2023 (April 1, 2022 - March 31, 2023)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit		Basic earnings per share
Full year	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
	118,000	11.6	4,100	7.2	3,700	4.3	2,300	(15.6)	120.22

(Note) Revision to the financial results forecast announced most recently: None

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1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Operating Results

During the six months ended September 30, 2022, the Japanese economy remained in a state of instability due to the ongoing situation in Ukraine and historic depreciation of the yen, although movement toward life with/after COVID-19 accelerated. The domestic construction market also continued to face difficult conditions due to the continued impact on prices of materials and equipment.

Under these circumstances, for the six months ended September 30, 2022, net sales were ¥58.7 billion (up 6.1% year on year), operating profit was ¥1.4 billion (down 10.0% year on year), ordinary profit was ¥1.3 billion (down 9.6% year on year), and profit attributable to owners of parent was ¥0.8 billion (down 27.5% year on year).

The Group's net sales tend to be concentrated in the second half of the fiscal year, especially in the fourth quarter, and thus there are seasonal fluctuations in its business performance.

(2) Explanation of Financial Position

As for the financial position as of September 30, 2022, assets increased by ¥11.3 billion from the end of the previous fiscal year, mainly due to increases in cash and deposits and notes receivable, accounts receivable from completed construction contracts and other. Liabilities increased by ¥11.3 billion, mainly due to an increase in short-term borrowings, and net assets decreased by ¥74 million, mainly due to the posting of profit attributable to owners of parent and the payment of cash dividends for the fiscal year ended March 31, 2022. Accordingly, total assets amounted to ¥125.9 billion.

Equity ratio was 34.8%, down 3.5 percentage points from the end of the previous fiscal year.

(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information

There is no change to the full-year financial results forecasts for the fiscal year ending March 31, 2023 as the Company believes that they are within the range of the forecasts announced on May 13, 2022.

If the need for revision arises in the future, we will disclose it in a timely and appropriate manner.

2. Quarterly Consolidated Financial Statements and Principal Notes

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022
Assets		
Current assets		
Cash and deposits	12,968	16,843
Notes receivable, accounts receivable from completed construction contracts and other	57,015	65,448
Costs on construction contracts in progress	2,178	1,687
Costs on development business and other in progress	6,706	6,281
Other	7,891	7,324
Allowance for doubtful accounts	(6)	(2)
Total current assets	86,754	97,583
Non-current assets		
Property, plant and equipment	19,013	18,752
Intangible assets	996	950
Investments and other assets		
Other	8,069	8,866
Allowance for doubtful accounts	(201)	(201)
Total investments and other assets	7,867	8,664
Total non-current assets	27,878	28,367
Total assets	114,632	125,950

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022
Liabilities		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	26,174	25,986
Short-term borrowings	3,157	16,333
Advances received on construction contracts in progress	5,426	5,202
Deposits received	19,076	18,163
Provision for warranties for completed construction	416	405
Provision for loss on construction contracts	166	442
Other	2,393	2,548
Total current liabilities	56,811	69,082
Non-current liabilities		
Long-term borrowings	13,037	12,181
Provision for share awards for directors (and other officers)	47	48
Provision for retirement benefits for directors (and other officers)	33	5
Retirement benefit liability	43	46
Other	786	787
Total non-current liabilities	13,948	13,069
Total liabilities	70,759	82,152
Net assets		
Shareholders' equity		
Share capital	5,519	5,519
Capital surplus	6,237	6,236
Retained earnings	31,621	31,484
Treasury shares	(580)	(575)
Total shareholders' equity	42,797	42,666
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	630	711
Foreign currency translation adjustment	7	19
Remeasurements of defined benefit plans	428	391
Total accumulated other comprehensive income	1,066	1,122
Non-controlling interests	8	10
Total net assets	43,872	43,798
Total liabilities and net assets	114,632	125,950

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
Quarterly Consolidated Statements of Income
Six Months Ended September 30

(Millions of yen)

	For the six months ended September 30, 2021	For the six months ended September 30, 2022
Net sales		
Net sales of completed construction contracts	51,712	55,602
Net sales in development business and other	3,633	3,130
Total net sales	55,346	58,732
Cost of sales		
Cost of sales of completed construction contracts	46,655	50,169
Cost of sales in development business and other	2,973	2,590
Total cost of sales	49,629	52,759
Gross profit		
Gross profit on completed construction contracts	5,057	5,432
Gross profit on development business and other	660	539
Total gross profit	5,717	5,972
Selling, general and administrative expenses	4,089	4,507
Operating profit	1,628	1,465
Non-operating income		
Foreign exchange gains	–	161
Other	62	64
Total non-operating income	62	226
Non-operating expenses		
Interest expenses	89	79
Commission for syndicated loans	25	138
Other	59	102
Total non-operating expenses	174	319
Ordinary profit	1,516	1,371
Extraordinary income		
Gain on sale of non-current assets	0	6
Gain on sale of shares of subsidiaries and associates	91	–
Other	0	0
Total extraordinary income	92	6
Extraordinary losses		
Loss on retirement of non-current assets	4	0
Loss on valuation of investment securities	23	–
Other	0	–
Total extraordinary losses	28	0
Profit before income taxes	1,580	1,377
Income taxes - current	330	533
Income taxes - deferred	112	19
Total income taxes	442	552
Profit	1,138	825
Profit attributable to non-controlling interests	0	0
Profit attributable to owners of parent	1,138	824

Quarterly Consolidated Statements of Comprehensive Income
Six Months Ended September 30

(Millions of yen)

	For the six months ended September 30, 2021	For the six months ended September 30, 2022
Profit	1,138	825
Other comprehensive income		
Valuation difference on available-for-sale securities	65	80
Foreign currency translation adjustment	4	13
Remeasurements of defined benefit plans, net of tax	(9)	(36)
Total other comprehensive income	59	56
Comprehensive income	1,198	882
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,197	880
Comprehensive income attributable to non-controlling interests	0	1

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Notes in case of significant changes in shareholders' equity)

Not applicable.

3. Supplementary Information

(1) Non-consolidated Orders Received

(Millions of yen)

Category			For the six months ended September 30, 2021	For the six months ended September 30, 2022	Changes	Percentage changes	
Construction Business	Civil Engineering	Domestic public sector	11,131 [27.8%]	15,802 [28.4%]	4,671	42.0%	
		Domestic private sector	4,855 [12.1%]	8,094 [14.6%]	3,239	66.7%	
		Overseas	1 [0.0%]	4,097 [7.3%]	4,096	—%	
		Total	15,988 [39.9%]	27,995 [50.3%]	12,007	75.1%	
	Building Construction	Domestic public sector	4,704 [11.7%]	9,604 [17.3%]	4,899	104.1%	
		Domestic private sector	16,058 [40.1%]	16,707 [30.0%]	649	4.0%	
		Overseas	2,668 [6.7%]	755 [1.4%]	(1,912)	(71.7)%	
		Total	23,431 [58.5%]	27,067 [48.7%]	3,635	15.5%	
	Total	Domestic public sector	15,836 [39.5%]	25,407 [45.7%]	9,570	60.4%	
		Domestic private sector	20,913 [52.2%]	24,802 [44.6%]	3,888	18.6%	
		Overseas	2,670 [6.7%]	4,853 [8.7%]	2,183	81.8%	
		Total	39,420 [98.4%]	55,063 [99.0%]	15,642	39.7%	
	Development Business, etc.			643 [1.6%]	543 [1.0%]	(99)	(15.5)%
	Total			40,063 [100.0%]	55,606 [100.0%]	15,543	38.8%

(Note) Percentages in square brackets indicate composition ratios.

(2) Non-consolidated Orders Forecast

(Millions of yen)

Category		Fiscal year ended March 31, 2022 Full-year Results	Fiscal year ending March 31, 2023 Full-year Forecasts	Changes	Percentage changes
Construction Business	Civil Engineering	64,537	70,000	5,462	8.5%
	Building Construction	51,541	51,000	(541)	(1.1)%
	Total	116,079	121,000	4,920	4.2%
Development Business, etc.		1,239	1,000	(239)	(19.4)%
Total		117,319	122,000	4,680	4.0%

[Qualitative Information on Non-consolidated Orders Received and Non-consolidated Orders Forecast]

As for the non-consolidated orders received for the six months ended September 30, 2022, the Civil Engineering Business was ¥27.9 billion, up 75.1% year on year, and the Building Construction Business was ¥27.0 billion, up 15.5% year on year.

The full-year non-consolidated orders forecast remains unchanged from the beginning of the fiscal year, after careful consideration of the actual results for the six months ended September 30, 2022 and the future project situation.